

**EXHIBIT A**

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2004 JUN 10 P 3:26

**ASSET MANAGEMENT AGREEMENT**

This **ASSET MANAGEMENT AGREEMENT** (the "Agreement"), dated June 2, 2004 by and between Roger A. Seigny, Insurance Commissioner of the State of New Hampshire, solely in his capacity as Liquidator ("Liquidator") The Home Insurance Company, a company domiciled in the State of New Hampshire (the "Company"), and Conning Asset Management Company, a Missouri Corporation ("Conning").

**WHEREAS**, the Company is a property/casualty insurance company in liquidation pursuant to an Order of Liquidation entered on June 13, 2003, by the Superior Court for Merrimack County, New Hampshire (the "Court") that appointed the Liquidator; and

**WHEREAS**, Conning has expertise and experience in providing investment advice, portfolio management, and investment accounting and reporting services and the Liquidator wishes to engage Conning to provide such services as specified in this Agreement.

**NOW THEREFORE**, in consideration of the premises and of the mutual agreements and covenants contained in this Agreement, the receipt and sufficiency of which are acknowledged, the Liquidator and Conning hereby agree as follows:

1. **APPOINTMENT.** On the Effective Date as defined in paragraph 26, the Liquidator appoints Conning as the Liquidator's investment manager to invest and reinvest the Assets (as defined in Paragraph 2) of the Investment Account(s) (as defined in Paragraph 2) and to perform investment advisory and portfolio management services in accordance with the investment guidelines set forth in Schedule 1 (the "Investment Guidelines"). The Liquidator and Conning agree that the formal measurement of Conning's investment performance relating to the provision of its investment advisory and portfolio management services shall be effective October 1, 2004. Without limiting the generality of the foregoing, the Liquidator authorizes Conning to purchase, sell, exchange, convert, surrender for redemption, and otherwise trade securities (including swaps, options, futures contracts and other financial instruments) in the Liquidator's name and, in connection therewith, to sign any subscription agreements, financial instruments, or other documents and vote any proxies on behalf of the Liquidator and to issue instructions to the Custodians (as defined in Paragraph 3). The Investment Guidelines may be modified from time to time in accordance with Paragraph 16 (Amendment) of this Agreement; provided that, any such modification shall be effective no earlier than fifteen (15) Business Days (as defined in Paragraph 2) after the Amendment is effective.
2. **INVESTMENT ACCOUNT(S).** The "Investment Accounts" shall mean one or more segregated accounts established by the Liquidator with the Custodian(s) to hold all Assets that from time to time are placed in such account(s) by the Liquidator for management by Conning, including all changes in such account(s) that result from purchases, sales, and other transactions effected by Conning in accordance with this Agreement. "Assets" shall mean all cash, cash equivalents, securities, investments, and other property, as well as accretions of any sort, including dividends, interest, sinking fund payments, accrued income, stock splits, and realized capital appreciation. The Liquidator may withdraw any or all of the Assets in the Investment Account(s) at any time. The Liquidator shall make best efforts to notify Conning in advance of any additions or withdrawals from the Investment Account(s) but, in any event, the Liquidator agrees to notify Conning within five "Business Days" (as defined herein) after any such additions to or withdrawals from the Investment Account(s). The term "Business Day" shall mean any day on which the national securities exchanges are open for business. The Liquidator shall be responsible for all fees and other costs associated with the establishment and maintenance of the Investment Account(s) at the Company's expense.
3. **CUSTODY OF ASSETS.** The Liquidator will select and engage at the Company's expense an independent bank, trust company or other person (each a "Custodian") to serve as Custodian of each Investment Account.



The Liquidator shall provide Conning, in writing, the identity of each Custodian, any change in a Custodian and all other information regarding the Custodian(s) required for Conning to carry out its duties under this Agreement. The Liquidator shall notify each Custodian of the appointment of Conning and of the authority of Conning to effect investments with respect to the Assets of the Investment Account(s). All transactions authorized by this Agreement shall be made by payment to or delivery by the Custodian(s). Conning shall not act as Custodian or at any time have actual possession of any Assets in the Investment Account(s). The Liquidator authorizes Conning to enter into an agreement with each Custodian to use the Depository Trust Company's Institutional Delivery System for trade confirmation and settlement.

#### 4. DUTIES OF CONNING AND THE LIQUIDATOR.

- a) Conning shall manage the Investment Account(s) in accordance with the Investment Guidelines and shall perform and provide such other investment advisory and investment accounting and reporting services to the Liquidator as may be reasonably requested by the Liquidator and agreed to by Conning.
- b) Conning shall provide, or cause to be provided, to the Liquidator the reports set forth on Schedule 2.
- c) Conning shall execute and issue to brokers of its choice instructions or authorizations to purchase, sell, exchange, convert, surrender for redemption, or otherwise trade in and deal with securities of the Investment Account(s). Conning may place brokerage with broker-dealers that provide services beneficial to the Investment Account(s) or to other accounts managed by Conning and whose commissions include a reasonable charge for such services. Conning shall confirm or cause to be confirmed in writing to the Liquidator each security transaction executed for the Investment Account(s).
- d) The Liquidator shall own, have custody of and maintain the Company's general corporate accounts and records. At reasonable times and upon reasonable notice, the Liquidator shall provide Conning, and shall cause each Custodian to provide Conning, with access to all books, records, accounts, facilities, and personnel necessary or appropriate for the performance of Conning's obligations under this Agreement.
- e) At reasonable times and upon reasonable notice, Conning shall provide access to all books, records, accounts, facilities, and personnel that relate specifically to the performance of its obligations to the Liquidator under this Agreement and to the internal and independent auditors and regulators for the Liquidator.
- f) Nothing in this Agreement shall be deemed to impose on Conning responsibility for the preparation of Company's financial statements or the Company's other financial and regulatory filing and reporting obligations.
- g) The Liquidator shall promptly notify Conning, in writing, of any change in the Investment Guidelines that is necessary for any reason, including but not limited to a change by the Liquidator or in any applicable law or regulation.

#### 5. FEES

- a) The Liquidator shall pay Conning an annual fee, as provided in Schedule 3, on the Assets for which Conning is providing investment management and accounting services. The fees payable to Conning shall be calculated commencing the Effective Date based on the Average Monthly Market Value (as defined herein) of the Assets in the Investment Account(s) for each calendar quarter, as determined by Conning but subject to an audit by the Liquidator. All fees will be payable quarterly in arrears within thirty (30) days after the date of Conning's invoice. Any fee payable for less than a full calendar quarter shall be pro-rated. Upon any termination of this Agreement other than at the end of a calendar quarter, the fee shall be calculated as of the termination date. All fees or other payments



to be made by the Liquidator under this Agreement shall be made solely from the assets of the Company.

- b) The "Average Monthly Market Value" of the Assets in the Investment Accounts shall be determined by adding together the market value of all Assets (including cash or its equivalent) in the Investment Accounts as determined as of the last Business Day in the month which immediately precedes the first day of the calendar quarter for which the calculation is being made and as of the last Business Day of each month which is included in such calendar quarter, then dividing such sum by four (4). In computing the market value of any Assets in the Investment Account(s) for the purpose of this Agreement, each security listed on any national securities exchange shall be valued at the last sale price on the consolidated tape on the valuation date. Listed stocks that are not traded on such date and any unlisted stock regularly traded in the over-the-counter market shall be valued at the latest available bid price quotation furnished to Conning by such sources as it may deem appropriate. Fixed income securities, including those listed on a securities exchange, will be valued by an independent securities pricing service selected by Conning unless Conning, in its reasonable discretion, determines that another valuation is appropriate. Short-term money market instruments are valued at amortized cost. Any other security or asset shall be valued in a manner determined in good faith by Conning to reflect its fair market value.
- c) The Liquidator is responsible for out-of-pocket expenses directly related to the provision of services by Conning under this Agreement, including, without limitation, any custodial expenses, brokerage fees and commissions, interest on borrowings, if any, taxes, and fees which are directly related to the NAIC asset valuation system ("SVO") and annual licensing fee. Any such reimbursable expenses shall be included in the quarterly or final invoice prepared by Conning and shall be payable within thirty (30) days after the date of such invoice.
- d) Unless specifically provided for in this Agreement, neither Conning nor any of its officers, affiliates, or employees shall act as principal, broker/dealer or receive any compensation from the Liquidator or Company in connection with the purchase or sale of investments for the Investment Account(s).

#### 6. REPRESENTATIONS, WARRANTIES, AND COVENANTS.

- a) The Liquidator represents, warrants, and covenants to Conning that, as of the Effective Date and throughout the term of this Agreement:
  - i) The appointment of Conning as the Liquidator's investment manager has been duly and properly authorized by the Liquidator with approval by the Court, and the Investment Guidelines are in compliance with such approval with all legal and regulatory restrictions applicable to the Company in liquidation and the Investment Account(s);
  - ii) this Agreement constitutes a valid and binding obligation of the Liquidator, enforceable against the Liquidator in accordance with its terms, except to the extent such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, or similar laws affecting the rights of creditors generally and by general equity principles;
  - iii) the Liquidator has legal title to the Assets in the Investment Account(s) and no restrictions exist as to the ownership or transfer of such Assets unless specifically set forth in this Agreement;
  - iv) the Company is, and will remain during the term of this Agreement, engaged primarily in the insurance business in liquidation; and
  - v) the Assets are not subject to regulation under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), nor do any Assets constitute "plan assets" as defined under ERISA.



- b) Conning represents, warrants, and covenants to the Liquidator that:
- i) It is, and will remain during the term of this Agreement, a registered investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act");
  - ii) this Agreement constitutes a valid and binding obligation of Conning, enforceable against Conning in accordance with its terms, except to the extent such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, or similar laws affecting the rights of creditors generally and by general equity principles; and
  - iii) it currently has, and agrees that it will maintain, the skilled personnel, computer hardware and software, and other facilities necessary to prepare the reports and perform the services required by this Agreement.

7. TERM AND TERMINATION.

- a) This Agreement shall commence as of the Effective Date as set forth in Paragraph 26 and shall continue in force until terminated by Conning or the Liquidator upon no less than ninety (90) days prior written notice to the other party.
- b) In the event of termination of this Agreement, this Agreement, except for Paragraph 5 (Fees), Paragraph 9 (Confidentiality), Paragraph 11 (Limitation of Liability), Paragraph 12 (Indemnification), Paragraph 13 (Arbitration), and this Paragraph 7 (Term and Termination), shall immediately become void and have no further force or effect. Paragraph 9 (Confidentiality) shall survive for a one year period following termination date.
- c) Upon termination of this Agreement and upon specific written request, Conning shall within twenty (20) Business Days return to the Liquidator all books and records of the Liquidator and Company, and all other information relating to the Investment Account(s) then in the possession of Conning, except for any software or other intellectual property that is proprietary to, or owned or licensed by, Conning or any of its affiliates, which shall remain the property of Conning.

8. NON-EXCLUSIVITY; POTENTIAL CONFLICTS OF INTEREST.

- a) Conning and its officers and employees may act and continue to act as investment managers for others. As such, the Liquidator understands that Conning will not devote its full time to the management of any one account. Nothing in this Agreement shall in any way be deemed to restrict Conning's right to perform investment management or other services for any other person or entity, and the performance of any such services shall not be deemed to violate or give rise to any duty or obligation to the Liquidator not specifically undertaken by Conning under this Agreement.
- b) The Liquidator recognizes that there are certain inherent and potential conflicts of interest that may arise in Conning's management of the Investment Account(s) and its investment advisory activities on behalf of other clients with the same or different investment objectives (some of which are affiliates of Conning), including the allocation of investment opportunities among accounts and the acquisition and disposition of a particular investment on behalf of different accounts.

9. CONFIDENTIALITY. From time to time in the course of the performance of this Agreement, the Liquidator and Conning will be providing each other with certain financial, strategic and other information. Except as required by law and except as otherwise permitted by this Agreement, all such information of a non-public nature including, but not limited to, this Agreement that is obtained by one party pursuant to this Agreement shall be held in confidence by such party and may not be disclosed to any other person without the prior written consent of the other party; provided, that Conning may (i) disclose information it receives from or on behalf of the Liquidator to officers and employees of Conning involved in providing the investment



management and accounting services to the Liquidator under this Agreement who have agreed to be bound by the terms hereof (ii) publicly disclose the fact that the Liquidator is a client of Conning.

10. **RELIANCE ON INFORMATION.** Conning shall be entitled to rely, without independent verification, on the accuracy and completeness of all information obtained by Conning from the Liquidator and from third parties reasonably believed by Conning to be reliable.
11. **LIMITATION OF LIABILITY.**
- a) Conning shall be liable to and indemnify the Liquidator to the extent any loss, liability, or damage results from the gross negligence or bad faith of Conning, or the reckless disregard by Conning of its obligations and duties under this Agreement.
  - b) Absent any fault on its part, as described in sub-paragraph (a), Conning shall not be liable for any loss, liability, or damage incurred by the Liquidator as a result of any investment decision, recommendation, or other action taken or omitted in what Conning, in good faith, believes to be the proper performance of its duties under this Agreement. Conning does not guarantee the future performance of the Investment Accounts or any specific level of performance, the success of any investment decision or strategy that Conning may use, or the success of Conning's overall management of the Assets. The Liquidator understands that investment decisions made for the Investment Accounts by Conning are subject to various market, currency, economic, political and business risks, and that those investment decisions will not always be profitable. Conning will manage only the securities, cash, and other investments held in the Investment Accounts.
  - c) Additionally, Conning shall not be liable for any liability, loss, or damage resulting from: (i) the willful misconduct, negligence, or bad faith of any independent representative, consultant, independent contractor, broker, agent, or other person who is selected, engaged or retained by Conning on behalf of the Liquidator in connection with the performance of services under this Agreement, unless such person was selected, engaged, or retained by Conning in a grossly negligent manner; (ii) any act or failure to act by any Custodian; (iii) any investment made by Conning consistent with the Investment Guidelines; or (iv) the reliance by Conning on information as provided in Paragraph 10 (Reliance on Information). Notwithstanding the foregoing, Conning shall obtain the written consent of the Liquidator (which consent may not be unreasonably withheld) prior to subcontracting with a third party the performance of any of the services under this Agreement.
  - d) The federal and state securities laws impose liabilities under certain circumstances on persons who act in good faith, and therefore nothing in this Agreement will waive or limit any rights that the Liquidator may have under those laws.
12. **INDEMNIFICATION.** In the event the Liquidator seeks indemnification for a claim alleged by a person who is not a party to this Agreement (a "Third Party Claim"), the Liquidator shall, as a condition to receiving any indemnification pursuant to Paragraph 11 (a), give prompt written notice of such Third Party Claim to Conning. Conning shall have the right to elect to investigate, negotiate, settle, and defend such third party claim and, if such election is made, the Liquidator shall have the right, at its own expense, to participate in the defense of such Third Party Claim through counsel of its own choosing and to approve in writing any settlement of such a Third Party Claim, which approval shall not be unreasonably withheld. Conning shall not be required to indemnify the Liquidator with respect to any settlement of a Third Party Claim that Conning has not approved in writing in advance, such approval not to be unreasonably withheld.
13. **ARBITRATION.** In the event of any dispute, controversy or claim which relates to, arises out of, or is connected with this Agreement (including, without limitation, the creation, validity, interpretation, breach or termination of this Agreement), each party shall designate an officer whose task it will be to meet and in good faith resolve the matter amicably. Any such matter which has not been mutually resolved by the parties shall,



on the written demand by either party to the other party, be determined and settled in New York, New York by a panel of three arbitrators in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The award entered by the arbitrators shall be final and binding on both parties. Such award shall specify the factual and legal basis for the award, shall not include any multiple, punitive or exemplary damages, and shall remain confidential. The cost of the arbitration shall be borne equally by the Liquidator and Conning; each party shall bear its own expenses (including counsel fees) incurred in connection with the arbitration. **The parties waive their right to seek remedies in court, including the right to jury trial, except to the extent such a waiver would violate applicable law.**

14. **INDEPENDENT CONTRACTOR.** The relation of Conning to the Liquidator is, and shall remain during the term of this Agreement, that of an Independent Contractor. Conning and the Liquidator are not partners or joint venturers with each other under this Agreement, and nothing in this Agreement shall be construed so as to make them partners or joint venturers, or to impose any liability as such on either of them.
15. **NOTICES.** All notices and other communications required or permitted to be given pursuant to this Agreement shall be in writing and shall be considered as properly given or made if (i) sent by overnight delivery by a nationally recognized air courier service, or (ii) mailed by registered or certified mail, return receipt requested, and if addressed to the respective address listed below:

- A. If to the Liquidator, to:      The Home Insurance Insurance Company in Liquidation  
59 Maiden Lane, Fifth Floor  
New York, NY 10038
- Attention:                              Arthur D. Wilson  
Chief Financial Officer and Vice President of Finance
- And to:                                      The Home Insurance Company in Liquidation  
59 Maiden Lane, Fifth Floor  
New York, NY 10038
- Attention:                              Peter Bengelsdorf  
Special Deputy Liquidator
- B. If to Conning, to:                      Conning Asset Management Company  
City Place II, 185 Asylum Street  
Hartford, CT 06103-4105
- Attention:                              William M. Bourque  
Vice President and General Counsel

All notices will be deemed effective upon receipt. Any party may change its address for the receipt of notices by providing notice, in the manner provided in this Paragraph 15, to each other party.

16. **AMENDMENT.** No amendment will be effective unless in writing and signed by each of the parties and no waiver of compliance with any provision or condition, and no consent provided for in this Agreement, shall be effective unless in a writing duly executed by the party sought to be charged with such waiver or consent.
17. **ASSIGNMENT.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, and their respective successors and permitted assigns. Neither party hereto shall assign (as that term is defined under the Adviser's Act) its rights or obligations under this Agreement without the prior written consent of the other party.



18. **GOVERNING LAW.** This Agreement shall be construed and enforced in accordance with the laws of the State of New York, without reference to the choice of law rules thereof.
19. **SEVERABILITY.** In the event that any provision or condition in this Agreement shall be invalid, illegal, or unenforceable under applicable law of mandatory application, the validity, legality, and enforceability of that provision or condition in other instances and of the remaining provisions and conditions shall not in any way be affected thereby.
20. **HEADINGS.** Section headings are for convenience of reference only and shall not affect the construction of this Agreement.
21. **COUNTERPARTS.** This Agreement may be executed in two or more counterparts, each of which when executed shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.
22. **FORCE MAJEURE.** Conning shall not be considered to be in default in the performance of its obligations under this Agreement, to the extent that the performance of any such obligations is prevented or delayed by any cause which is beyond the reasonable control of Conning.
23. **ACKNOWLEDGMENT OF DISCLOSURE.** The Liquidator acknowledges receipt of Conning's Form ADV, Part II at least 48 hours prior to signing this Agreement.
24. **PRIOR AGREEMENTS.** This Agreement constitutes the entire understanding and Agreement, and supersedes any and all other proposals, understandings, and agreements between the Liquidator and Conning with respect to the subject matter hereof.





25. This Agreement contains a *Binding Arbitration Provision* which may be enforced by the Parties.

26. **AUTHORITY.** This Agreement shall not become effective until approved by the Court. The Liquidator shall file a motion with the Court seeking such approval, and the date on which the Court enters an order approving the Agreement shall be the Effective Date ("Effective Date").

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement by their duly authorized officers effective as of the date first above written.

**Roger A. Seigny, Insurance Commissioner of the State of New Hampshire, solely in his capacity as Liquidator of The Home Insurance Company**

By Peter A. Bengelsdorf

Name Peter A. Bengelsdorf

Title Special Deputy Liquidator

**Conning Asset Management Company**

By Salvatore Correnti

Name Salvatore Correnti

President and Chief Executive Officer

## Schedule 1



Attached To and Forming a Part of the  
Asset Management Agreement  
dated This 2nd Day of June, 2004

Between

Roger A. Sevigny, Insurance Commissioner of the State of New Hampshire, solely in his capacity as Liquidator  
("Liquidator") and The Home Insurance Company  
and  
Conning Asset Management Company

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This Schedule forms an integral part of this Agreement and may be modified from time to time in accordance with Paragraph 1 herein.

INVESTMENT GUIDELINES

**Statement of Investment Policy**  
Home Insurance Company in Liquidation

I. Investment Objective

To maintain a portfolio of high quality, readily marketable investments that protect and enhance the assets of Home Insurance Company in Liquidation ("the Company") and produce the highest rate of total return consistent with safety.

II. Investment Responsibility

The Special Deputy Liquidator and the Chief Financial Officer shall be responsible for the selection of investments and for their purchase or sale within the authority delegated to them by the Liquidator. They may seek investment advice from professional investment advisors outside the Company.

The Chief Financial Officer shall be responsible for periodic estimates and evaluation of the cash flow needs of the Company and the amounts available for investment.

III. Qualifications of Investment Policy

Those responsible for the Company's investment program shall at all times observe the General Guide to Maximum Commitment Size as stated in the Policy summary, attached hereto and made a part hereof, which supplements the following guidelines:

A. Bond and Fixed Income Securities - Only

- 1) Only Baa or higher rated bonds, which are readily marketable, will be purchased.
- 2) Only commercial paper with a Moody's Rating of P-1 or S&P Rating of A-1, which are readily marketable, will be purchased.
- 3) The Company may invest excess cash required for operating purposes in overnight "Swccp Accounts" provided by its bank. These accounts utilize repurchase agreements which must have collateral consisting of full faith agencies and be collateralized at approximately 101% of market value.
- 4) The investment portfolio shall reflect a maturity policy consistent with the cash flow need of the Company.

## Schedule 1



Attached To and Forming a Part of the  
 Asset Management Agreement  
 dated This 2nd Day of June, 2004

Between

Roger A. Sevigny, Insurance Commissioner of the State of New Hampshire, solely in his capacity as Liquidator  
 ("Liquidator") and The Home Insurance Company

and

Conning Asset Management Company

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**Policy Summary**  
 Home Insurance Company in Liquidation

General Guide to Maximum Commitment Size

<u>Type of Investment</u>	<u>One Issuer</u>	<u>Total</u>
United States Government and United States Government Agency Obligations	No Limit	No Limit
Corporate Bonds or Notes		
Rating of "Aa" or better	\$5,000,000	No Limit
Rating of "A"	\$3,500,000	No Limit
Rating of "Baa"	\$1,000,000	10% of bonds held
Commercial paper - Prime		
Moody's rating of P-1 or S&P rating of A-1	\$3,000,000	No Limit
Certificates of Deposit	\$3,000,000	No Limit
Prime Bankers Acceptances	\$1,000,000	\$3,000,000

**Schedule 2**

Attached To and Forming a Part of the  
 Asset Management Agreement  
 dated This 2nd Day of June, 2004

Between

Roger A. Sevigny, Insurance Commissioner of the State of New Hampshire, solely in his capacity as Liquidator  
 ("Liquidator") and The Home Insurance Company

and

Conning Asset Management Company

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**SERVICE DELIVERABLES AND REPORTS**

Conning shall provide, or cause to be provided to, the Liquidator the following service deliverables and reports at the times specified or at such other reasonable times as shall be mutually agreed upon by Conning and the Liquidator:

**I. Client Specific Portfolio Management**

- A. Portfolio Review and Analysis
  - 1. Current asset allocation review
  - 2. Specific asset review
  - 3. Effective maturity review
  - 4. Quality analysis
  - 5. Coupon and cash flow analysis
  - 6. Duration, convexity and yield analysis
  
- B. Capital Market and Investment Outlook
  - 1. Economic analysis
  - 2. Sector analysis
  - 3. Industry analysis
  - 4. Security credit analysis
  
- C. Relative Value Analysis
  - 1. Market conditions review
  - 2. Yield and spread analysis
  - 3. Spread adjustments and risk comparison
  - 4. Evaluation of current opportunities
  - 5. Portfolio construction and optimization
  
- D. Asset Classes
  - 1. Publicly traded, investment grade fixed income.
    - a. Treasury/agency bonds
    - b. U.S. corporate bonds
    - c. MBS/CMBS/ABS
    - d. Foreign government/provincial/corporate bonds
    - e. Sinking fund preferred stock
  - 2. Equity Securities
    - a. Indexed equities
    - b. Preferred stock
  - 3. Others – negotiable



**Schedule 2**

Attached To and Forming a Part of the  
Asset Management Agreement  
dated This 2nd Day of June, 2004

Between

Roger A. Sevigny, Insurance Commissioner of the State of New Hampshire, solely in his capacity as Liquidator  
("Liquidator") and The Home Insurance Company

and

Conning Asset Management Company

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- E. Performance Reporting
1. Conformity with AIMR standards
  2. Benchmark comparisons

**II. Investment Accounting and Reporting**

- A. Investment Accounting Model
1. Daily reconciliation to cash and investment-related transactions between custodian(s) and accounting system
  2. Monthly asset reconciliation with custodian(s)
  3. Standard investment accounting reports
- B. External Interfacing
1. Independent portfolio valuation
  2. Daily interface with custodian
  3. Mortgage backed factor processing
  4. NAIC values and designations or equivalent, as necessary—quarterly and annually
  5. Interface with multiple Annual Statement providers or equivalent, as necessary—quarterly and annually
- C. Remote Access Capabilities
1. Internet/web-based reporting
  2. Electronic mail
- D. Financial Reporting
1. FAS 91 Accounting
  2. FAS 115 Reporting
  3. FAS 130 Reporting
  4. FAS 133 Accounting
  5. Consolidated footnote disclosure (Regulatory, 10K and 10Q)
    - a. Investment Fixed Maturities
    - b. Maturity Distribution Report
    - c. Proceeds from fixed maturities
- E. Regulatory Reporting
1. Complete preparation of all Schedule D Exhibits or equivalent, as necessary—quarterly and annually
  2. Preparation of Investment Income and Capital Gain/Loss Exhibits – quarterly and annually
  3. Monitoring of Statutory Special Deposits
  4. Documentation and processing of Authorization To File (ATF) Form with the SVO for applicable securities purchased

**Schedule 2**



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Asset Management Agreement  
dated This 2nd Day of June, 2004

Between

Roger A. Sevigny, Insurance Commissioner of the State of New Hampshire, solely in his capacity as Liquidator  
("Liquidator") and The Home Insurance Company

and

Conning Asset Management Company

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**F. Tax Reporting**

1. Taxable and Tax exempt income and dividends
2. Tax basis capital gains and losses on investments
3. FAS 109

**III. Other Services**

- A. Periodic operational, market update and economic teleconferences
- B. Quarterly economic forecasts
- C. Access to Conning & Company business professionals



**Schedule 3**

Attached To and Forming a Part of the  
Asset Management Agreement  
dated This 2nd Day of June, 2004

Between

Roger A. Sevigny, Insurance Commissioner of the State of New Hampshire, solely in his capacity as Liquidator  
("Liquidator") and The Home Insurance Company

and

Conning Asset Management Company

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**FEE SCHEDULE**

The annual fees payable by the Liquidator to Conning shall be based on the following Fee Schedule and paid quarterly in arrears:

<u>Asset Value at Close of Billing Period</u>	<u>Fee Scale in Basis Points per Annum</u>
First \$100 million	17.5 Basis Points
The next \$150 million	12.5 Basis Points
Thereafter	6.0 Basis Points

This Fee Schedule is subject to a quarterly minimum fee of \$37,500, as applicable.

There will be a separate Fee of two (2.0) basis points for providing Investment Accounting and Reporting Services on all assets not managed by Conning.